

Fiscal Note

Fiscal Services Division



HF 515 – School District Management Levy Fund for Legal Costs (LSB1967HV)
Analyst: John Parker (Phone: (515-725-2249) (john.parker@legis.iowa.gov)
Fiscal Note Version – New

Description

House File 515 permits school districts to use revenue from the district management levy to pay the costs of mediation and arbitration, including but not limited to legal fees associated with mediation or arbitration.

Background

The school district management levy is approved by school boards and can only be used for the following purposes:

- To pay the cost of unemployment benefits.
- To pay the costs of liability insurance and the costs of a judgment or settlement relating to the liability.
- To pay the costs of insurance agreements under Iowa Code section [296.7](#).
- To pay the costs of a judgment under Iowa Code section [298.16](#).
- To pay the cost of early retirement benefits to employees under Iowa Code section [279.46](#).

In FY 2015, 328 school districts levied a total of \$147.2 million for the management levy.

Assumptions

- In FY 2014, 113 school districts went to mediation; this is expected to remain constant in future years.
- Not all districts require mediation every year because of multiple-year contracts or because settlement occurs prior to mediation.
- Legal fees associated with each mediation range from \$5,000 to \$10,000.
- In FY 2014, three school districts went to interest arbitration of the 113 (2.7%) school districts that went to mediation; this is expected to remain constant in future years.
- The average cost per arbitration is \$12,000. Half of the cost is paid by the school district and half is paid by the Iowa State Education Association (ISEA).
- Legal fees associated with an arbitration range from \$10,000 to \$15,000.

Fiscal Impact

This Bill will have no impact on the State General Fund but may increase local property tax. The number of districts that will increase their management levy (property tax) due to this new permitted use is unknown.

Mediation legal fees may be very limited or could range from \$565,000 to \$1.1 million statewide. The total statewide cost for arbitrations, including legal fees, will range from \$48,000 to \$63,000.

Sources

Iowa Public Employment Relations Board
Iowa State Education Association
Iowa Association of School Boards
LSA Analysis and calculations

/s/ Holly M. Lyons

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
